

**Village of Minden City  
Minden City, MI**

**Financial Report  
February 29, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

|   |                                |  |                          |
|---|--------------------------------|--|--------------------------|
| Local Government Type<br><input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other |                                | Local Government Name<br><b>Village of Minden City</b>       | County<br><b>Sanilac</b> |
| Audit Date<br><b>2/28/04</b>  | Opinion Date<br><b>7/26/04</b> | Date Accountant Report Submitted to State:<br><b>8/15/04</b> |                          |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | ✓        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | ✓            |
| Single Audit Reports (ASLGU).   |          |                 | ✓            |

|  |  |                        |                        |
|--|--|------------------------|------------------------|
| Certified Public Accountant (Firm Name)<br><b>George A. Zahul CPA PC</b> |  |                        |                        |
| Street Address<br><b>101 North Port Crescent</b>                         |  | City<br><b>Bad Axe</b> | State<br><b>MI</b>     |
| Accountant Signature<br><i>George A. Zahul CPA</i>                       |  | ZIP<br><b>48413</b>    | Date<br><b>7-26-04</b> |

# Village of Minden City

## Table of Contents

|  | <u>Page<br/>Number</u> |
|--|------------------------|
| Independent Auditor's Report   | 1                      |
| Report on Compliance and on Internal Control over<br>Financial Reporting Based on an Audit of<br>Financial Statements Performed in Accordance<br>With <i>Government Auditing Standards</i> | 2                      |
| <b><u>General Purpose Financial Statements:</u></b>  |                        |
| Combined Balance Sheet - All Fund Types and Account Groups   | 3                      |
| Combined Statement of Revenues, Expenditures and Changes in<br>Fund Balances - All Governmental Fund Types   | 4                      |
| Combined Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Budget and Actual All Government Fund Types   | 5                      |
| <b><u>Enterprise Fund Types:</u></b>   |                        |
| Combined Balance Sheet   | 6                      |
| Statement of Revenue Expense - Water   | 7                      |
| Statement of Revenue Expense - Sewer   | 8                      |
| Combined Statement of Cash Flow  | 9                      |
| <b><u>Internal Service Funds:</u></b>  |                        |
| Combined Balance Sheet   | 10                     |
| Combined Statement of Revenues Expenditures<br>and Changes in Retained Earnings - Budget and Actual  | 11                     |
| Combined Statement of Cash Flows   | 12                     |
| Notes to the Financial Statements  | 13 - 19                |
| Schedule of Water System Revenue Bonds   | 20                     |
| Schedule of Sewer System Revenue Bonds   | 21 - 22                |

# Village of Minden City

## Table of Contents

### **Special Revenue Funds:**

|  |    |
|--|----|
| Combined Balance Sheet   | 23 |
| Fire Fund Statement of Revenue, Expenses and Change in Fund Balance - Budget and Actual                            | 24 |
| Major Street Fund Statement of Revenue, Expenses and Change in Fund Balance - Budget and Actual                    | 25 |
| Local Street Fund Statement of Revenue, Expenses and Change in Fund Balance - Budget and Actual                    | 26 |
| Building and Equipment Capital Fund Statement of Revenue, Expense, and Changes in Fund Balance - Budget and Actual | 27 |

### **General:**

|                                   |    |
|-----------------------------------|----|
| Statement of General Fixed Assets | 28 |
|-----------------------------------|----|

### **Agency Fund:**

|  |    |
|--|----|
| Statement of Changes in Assets and Liabilities | 29 |
|--|----|

**George Zahul, CPA, PC**  
**101 N Port Crescent St**  
**Bad Axe, MI 48413**  
**989-269-9966**

**Independent Auditor's Report**

To the Village Council  
Village of Minden City  
Minden City, MI 48456

I have audited the accompanying general purpose financial statements of the Village of Minden City as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Village of Minden City. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Minden City as of February 29, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 29, 2004, on my consideration of the Village of Minden City's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the general purpose financial statements of the Village of Minden City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

George Zahul, CPA, PC  
July 29, 2004

**George Zahul, CPA, PC**  
101 N Port Crescent St  
Bad Axe, MI 48413  
989-269-9966

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Village Council  
Village of Minden City  
Minden City, MI 48456

I have audited the general purpose financial statements of the Village of Minden City as of and for the year ended February 29, 2004, and have issued my report thereon dated July 29, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Minden City's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Village of Minden City, in a separate letter dated July 29, 2004.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Village of Minden City's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

George Zahul, CPA, PC  
July 29, 2004

**Village of Minden City**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**February 29, 2004**

| Assets                                   | Governmental Fund Types |                      | Proprietary Fund Types |                      | Account Group        | Total                  |
|--|-------------------------|----------------------|------------------------|----------------------|----------------------|------------------------|
|  | General                 | Special Revenue      | Enterprise             | Internal Service     | General Fixed Assets | (Memorandum Only)      |
| Cash                                     | \$ 51,251.82            | \$ 63,230.80         | \$ 20,733.73           | \$ 36,693.98         | \$ 0.00              | \$ 171,910.33          |
| Investments                              | 25,626.58               | 41,781.66            | 79,951.24              | 82,795.69            | 0.00                 | 230,155.17             |
| Sewer and Water Receivables              | 0.00                    | 0.00                 | 11,205.81              | 0.00                 | 0.00                 | 11,205.81              |
| Accounts Receivable-Hookup               | 0.00                    | 0.00                 | 62,115.00              | 0.00                 | 0.00                 | 62,115.00              |
| Taxes Receivable                         | 1,136.00                | 0.00                 | 0.00                   | 0.00                 | 0.00                 | 1,136.00               |
| Prepaid Insurance                        | 9,117.11                | 9,038.05             | 7,392.22               | 0.00                 | 0.00                 | 25,547.38              |
| Due from Other Fund                      | 961.50                  | 1,519.00             | 7,739.41               | 0.00                 | 0.00                 | 10,219.91              |
| Building and Equipment-net               | 0.00                    | 0.00                 | 1,841,050.15           | 0.00                 | 925,759.81           | 2,766,809.96           |
| Restricted Assets: Cash                  | 0.00                    | 0.00                 | 181,466.59             | 0.00                 | 0.00                 | 181,466.59             |
| <b>Total Assets</b>                      | <u>\$ 88,093.01</u>     | <u>\$ 115,569.51</u> | <u>\$ 2,211,654.15</u> | <u>\$ 119,489.67</u> | <u>\$ 925,759.81</u> | <u>\$ 3,460,566.15</u> |
| <b>Liabilities and Fund Equity</b>       |                         |                      |                        |                      |                      |                        |
| <b>Current Liabilities</b>               |                         |                      |                        |                      |                      |                        |
| Salaries and Fringes Payable             | \$ 3,205.43             | \$ 0.00              | \$ 0.00                | \$ 0.00              | \$ 0.00              | \$ 3,205.43            |
| Due to Other Funds                       | 9,258.41                | 439.00               | 0.00                   | 0.00                 | 0.00                 | 9,697.41               |
| Revenue Bonds Payable                    | 0.00                    | 0.00                 | 17,000.00              | 0.00                 | 0.00                 | 17,000.00              |
| <b>Long Term Liabilities</b>             |                         |                      |                        |                      |                      |                        |
| Revenue Bonds Payable                    | 0.00                    | 0.00                 | 597,000.00             | 0.00                 | 0.00                 | 597,000.00             |
| Deferred Revenue                         | 0.00                    | 0.00                 | 62,115.00              | 0.00                 | 0.00                 | 62,115.00              |
| <b>Total Liabilities</b>                 | <u>12,463.84</u>        | <u>439.00</u>        | <u>676,115.00</u>      | <u>0.00</u>          | <u>0.00</u>          | <u>689,017.84</u>      |
| <b>Fund Equity</b>                       |                         |                      |                        |                      |                      |                        |
| Contributed Capital Federal              | 0.00                    | 0.00                 | 1,530,000.00           | 0.00                 | 0.00                 | 1,530,000.00           |
| Depr Transferred from Operations         | 0.00                    | 0.00                 | (292,358.00)           | 0.00                 | 0.00                 | (292,358.00)           |
| Retained Earnings Unreserved             | 0.00                    | 0.00                 | 116,430.56             | 119,489.67           | 0.00                 | 235,920.23             |
| Retained Earnings Reserved               | 0.00                    | 0.00                 | 181,466.59             | 0.00                 | 0.00                 | 181,466.59             |
| Fund Balance Unreserved                  | 75,629.17               | 115,130.51           | 0.00                   | 0.00                 | 925,759.81           | 1,116,519.49           |
| <b>Total Fund Equity</b>                 | <u>75,629.17</u>        | <u>115,130.51</u>    | <u>1,535,539.15</u>    | <u>119,489.67</u>    | <u>925,759.81</u>    | <u>2,771,548.31</u>    |
| <b>Total Liabilities and Fund Equity</b> | <u>\$ 88,093.01</u>     | <u>\$ 115,569.51</u> | <u>\$ 2,211,654.15</u> | <u>\$ 119,489.67</u> | <u>\$ 925,759.81</u> | <u>\$ 3,460,566.15</u> |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - All Government Fund Types**  
**For the Year Ended February 29, 2004**

|  | <u>Governmental Fund Types</u> |                        | <u>Total</u>           |
|--|--------------------------------|------------------------|------------------------|
|  | <u>General</u>                 | <u>Special Revenue</u> | <u>Memorandum Only</u> |
| <b>Revenues</b>  |                                |                        |                        |
| Taxes  | \$ 33,967.40                   | \$ 15,939.27           | \$ 49,906.67           |
| Intergovernmental - State  | 30,105.80                      | 29,572.17              | 59,677.97              |
| Charge for Services  | 31,162.67                      | 3,000.00               | 34,162.67              |
| Interest   | 2,860.53                       | 902.09                 | 3,762.62               |
| Transfer from Minden Twp.  | 0.00                           | 23,840.24              | 23,840.24              |
| Other Revenue  | 1,958.32                       | 39,018.33              | 40,976.65              |
| <b>Total Revenues</b>  | <u>100,054.72</u>              | <u>112,272.10</u>      | <u>212,326.82</u>      |
| <b>Expenditures</b>  |                                |                        |                        |
| General Government   | 50,579.08                      | 0.00                   | 50,579.08              |
| Public Safety  | 0.00                           | 16,732.35              | 16,732.35              |
| Public Works   | 48,938.22                      | 82,098.57              | 131,036.79             |
| Capital Outlay   | 0.00                           | 40,311.84              | 40,311.84              |
| <b>Total Expenditures</b>  | <u>99,517.30</u>               | <u>139,142.76</u>      | <u>238,660.06</u>      |
| <b>Excess of Revenues over Expenditures</b>  | 537.42                         | 71,960.26              | (26,333.24)            |
| <b>Other Financing Sources (Uses)</b>  |                                |                        |                        |
| Operating Transfers in   | 0.00                           | 4,000.00               | 4,000.00               |
| Operating Transfers out  | 0.00                           | (3,000.00)             | (3,000.00)             |
| <b>Total Other Financing Sources (Uses)</b>  | <u>0.00</u>                    | <u>1,000.00</u>        | <u>1,000.00</u>        |
| <b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b> | <u>537.42</u>                  | <u>72,960.26</u>       | <u>(25,333.24)</u>     |
| <b>Fund Balance Beginning of Year</b>  | <u>75,091.75</u>               | <u>141,001.17</u>      | <u>216,092.92</u>      |
| <b>Fund Balance End of Year</b>  | <u>\$ 75,629.17</u>            | <u>\$ 213,961.43</u>   | <u>\$ 289,590.60</u>   |

The accompanying notes are an integral part of the financial statements.



**Village of Minden City**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - Budget and Actual**  
**All Governmental Fund Types**  
**For the Year Ended February 29, 2004**

|  | <b>General Fund</b> |                     |   | <b>Special Revenue Funds</b> |                     |   |
|--|---------------------|---------------------|---|------------------------------|---------------------|---|
|  | <b>Budget</b>       | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> | <b>Budget</b>                | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues</b>  |                     |                     |   |                              |                     |   |
| Taxes  | \$ 34,500.00        | \$ 33,967.40        | \$ (532.60)                                     | \$ 15,200.00                 | \$ 15,939.27        | \$ 739.27                                       |
| Intergovernmental -State   | 32,000.00           | 30,105.80           | (1,894.20)                                      | 28,500.00                    | 29,572.17           | 1,072.17  |
| Charges for Services   | 42,000.00           | 31,162.67           | (10,837.33)                                     | 0.00                         | 3,000.00            | 3,000.00  |
| Interest and Rent  | 3,900.00            | 2,860.53            | (1,039.47)                                      | 2,300.00                     | 902.09              | (1,397.91)                                      |
| Transfer from Minden Twp.  | 0.00                | 0.00                | 0.00  | 27,000.00                    | 23,840.24           | (3,159.76)                                      |
| Other Revenue  | 2,350.00            | 1,958.32            | (391.68)  | 220.00                       | 39,018.33           | 38,798.33                                       |
| <b>Total Revenues</b>  | <u>114,750.00</u>   | <u>100,054.72</u>   | <u>(14,695.28)</u>                              | <u>73,220.00</u>             | <u>112,272.10</u>   | <u>39,052.10</u>                                |
| <b>Expenditures</b>  |                     |                     |   |                              |                     |   |
| General Government   | 60,475.00           | 50,579.08           | 9,895.92  | 0.00                         | 0.00                | 0.00  |
| Public Safety  | 0.00                | 0.00                | 0.00  | 25,875.00                    | 16,732.35           | 9,142.65  |
| Public Works   | 45,600.00           | 48,938.22           | (3,338.22)                                      | 88,270.00                    | 82,098.57           | 6,171.43  |
| Capital Outlay   | 0.00                | 0.00                | 0.00  | 1,500.00                     | 40,311.84           | (38,811.84)                                     |
| <b>Total Expenditures</b>  | <u>106,075.00</u>   | <u>99,517.30</u>    | <u>6,557.70</u>                                 | <u>115,645.00</u>            | <u>139,142.76</u>   | <u>(23,497.76)</u>                              |
| <b>Excess of Revenues<br/>Over (Under) Expenditures</b>                                  | 8,675.00            | 537.42              | (8,137.58)                                      | (42,425.00)                  | (26,870.66)         | 15,554.34                                       |
| <b>Other Financing Sources (Uses)</b>  |                     |                     |   |                              |                     |   |
| Operating Transfers In   | 9,700.00            | 0.00                | (9,700.00)                                      | 4,825.00                     | 4,000.00            | (825.00)  |
| Operating Transfers Out  | 0.00                | 0.00                | 0.00  | (4,439.00)                   | (3,000.00)          | 1,439.00  |
| <b>Total other financing Sources (Uses)</b>  | <u>9,700.00</u>     | <u>0.00</u>         | <u>(9,700.00)</u>                               | <u>386.00</u>                | <u>1,000.00</u>     | <u>614.00</u>                                   |
| <b>Excess of Revenues and Other Sources<br/>Over(Under) Expenditures and Other(Uses)</b> | <u>\$ 18,375.00</u> | 537.42              | <u>\$ 16,275.16</u>                             | <u>\$ (42,039.00)</u>        | (25,870.66)         | <u>\$ 16,168.34</u>                             |
| <b>Fund Balance Beginning of Year</b>  |                     | <u>75,091.75</u>    |   |                              | <u>141,001.17</u>   |   |
| <b>Fund Balance End of Year</b>  |                     | <u>\$ 75,629.17</u> |   |                              | <u>\$115,130.51</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Combined Balance Sheet**  
**Enterprise Fund Types**  
**February 29, 2004**

|  | <u>Water</u>         | <u>Sewer<br/>Operating</u> | <u>Total</u>           |
|--|----------------------|----------------------------|------------------------|
| <b>Assets</b>                            |                      |                            |                        |
| <b>Current Assets</b>                    |                      |                            |                        |
| Cash in Bank                             | \$ 6,798.46          | \$ 13,935.27               | \$ 20,733.73           |
| Investments                              | 0.00                 | 79,951.24                  | 79,951.24              |
| Billing Receivable                       | 7,229.81             | 3,976.00                   | 11,205.81              |
| Accounts Receivable Sewer Hookup         | 0.00                 | 62,115.00                  | 62,115.00              |
| Restricted Assets-Cash                   | 67,019.41            | 114,447.18                 | 181,466.59             |
| Prepaid Insurance                        | 1,824.89             | 5,567.33                   | 7,392.22               |
| Due from General Fund                    | 1,283.41             | 6,456.00                   | 7,739.41               |
| <b>Total Current Assets</b>              | <u>84,155.98</u>     | <u>286,448.02</u>          | <u>370,604.00</u>      |
| <b>Property and Equipment</b>            |                      |                            |                        |
| Lagoons and Collection Systems           | 0.00                 | 1,977,355.95               | 1,977,355.95           |
| Mains and Hydrants                       | 303,681.20           | 0.00                       | 303,681.20             |
| Less-Accumulated Depreciation            | (127,371.00)         | (312,616.00)               | (439,987.00)           |
| <b>Total Property and Equipment</b>      | <u>176,310.20</u>    | <u>1,664,739.95</u>        | <u>1,841,050.15</u>    |
| <b>Total Assets</b>                      | <u>\$ 260,466.18</u> | <u>\$ 1,951,187.97</u>     | <u>\$ 2,211,654.15</u> |
| <b>Liabilities and Fund Equity</b>       |                      |                            |                        |
| <b>Current Liabilities</b>               |                      |                            |                        |
| Current Portion Bonds Payable            | \$ 11,000.00         | \$ 6,000.00                | \$ 17,000.00           |
| <b>Long Term Liabilities</b>             |                      |                            |                        |
| Revenue Bonds Payable                    | 61,000.00            | 536,000.00                 | 597,000.00             |
| Deferred Revenue                         | 0.00                 | 62,115.00                  | 62,115.00              |
| <b>Total Liabilities</b>                 | <u>\$ 72,000.00</u>  | <u>\$ 604,115.00</u>       | <u>\$ 676,115.00</u>   |
| <b>Fund Equity</b>                       |                      |                            |                        |
| Contributed Capital Federal              | \$ 130,000.00        | \$ 1,400,000.00            | \$ 1,530,000.00        |
| Depr Transferred from Operations         | (55,274.00)          | (237,084.00)               | (292,358.00)           |
| Retained Earnings                        | 113,740.18           | 184,156.97                 | 297,897.15             |
| <b>Total Fund Equity</b>                 | <u>188,466.18</u>    | <u>1,347,072.97</u>        | <u>1,535,539.15</u>    |
| <b>Total Liabilities and Fund Equity</b> | <u>\$ 260,466.18</u> | <u>\$ 1,951,187.97</u>     | <u>\$ 2,211,654.15</u> |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Statement of Revenue Expense and Change in Retained**  
**Earnings - Budget and Actual**  
**Enterprise Fund Type Water Fund**  
**For the Year Ended February 29, 2004**

|   | <b>Budget</b>      | <b>Actual</b>        | <b>Favorable<br/>(Unfavorable)</b> |
|---|--------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                                 |                    |                      |                                    |
| Water Fees  | \$ 42,200.00       | \$ 40,964.44         | \$ (1,235.56)                      |
| Miscellaneous Income                                      | 0.00               | 30.75                | 30.75                              |
| <b>Total Operating Revenues</b>                           | <u>42,200.00</u>   | <u>40,995.19</u>     | <u>(1,204.81)</u>                  |
| <b>Operating Expenses</b>                                 |                    |                      |                                    |
| Operating Supplies  | 1,050.00           | 1,132.00             | (82.00)                            |
| Annual Water Fees   | 500.00             | 430.00               | 70.00                              |
| Administration and Recordkeeping                          | 1,750.00           | 1,440.00             | 310.00                             |
| Contract Services   | 0.00               | 1,020.00             | (1,020.00)                         |
| Insurance & Bonds   | 2,000.00           | 1,471.22             | 528.78                             |
| Insurance Workman's Comp                                  | 600.00             | 414.60               | 185.40                             |
| Utilities   | 2,150.00           | 1,791.47             | 358.53                             |
| Repairs and Maintenance                                   | 8,800.00           | 13,395.56            | (4,595.56)                         |
| Equipment Usage   | 2,000.00           | 1,982.59             | 17.41                              |
| Labor Reimbursement                                       | 9,500.00           | 2,886.00             | 6,614.00                           |
| Unemployment Tax Expense                                  | 1,000.00           | 0.00                 | 1,000.00                           |
| Miscellaneous Expense                                     | 2,000.00           | 1,941.98             | 58.02                              |
| Depreciation Expense                                      | 7,000.00           | 6,181.00             | 819.00                             |
| <b>Total Operating Expenses</b>                           | <u>38,350.00</u>   | <u>34,086.42</u>     | <u>4,263.58</u>                    |
| <b>Operating Income (Loss)</b>                            | <u>3,850.00</u>    | <u>6,908.77</u>      | <u>(3,058.77)</u>                  |
| <b>Other Income (Expense)</b>                             |                    |                      |                                    |
| Interest Income   | 500.00             | 412.44               | (87.56)                            |
| Interest Expense  | (5,300.00)         | (4,690.50)           | 609.50                             |
| Transfers In  | 4,000.00           | 0.00                 | (4,000.00)                         |
| Capital Outlay  | (650.00)           | (600.54)             | (49.46)                            |
| <b>Total Other Income (Expense)</b>                       | <u>(1,450.00)</u>  | <u>(4,878.60)</u>    | <u>3,428.60</u>                    |
| <b>Net Income (Loss)</b>                                  | <u>\$ 2,400.00</u> | <u>2,030.17</u>      | <u>\$ 369.83</u>                   |
| Add back depr on assets acquired with contributed capital |                    | <u>2,948.00</u>      |                                    |
| <b>Increase (Decrease) in Retained Earnings</b>           |                    | 4,978.17             |                                    |
| <b>Retained Earnings Beginning of Year</b>                |                    | <u>108,762.01</u>    |                                    |
| <b>Retained Earnings End of Year</b>                      |                    | <u>\$ 113,740.18</u> |                                    |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Statement of Revenue Expense and Change in Retained**  
**Earnings - Budget and Actual**  
**Enterprise Fund Type Sewer Operating Fund**  
**For The Year Ended February 29, 2004**

|   | <b>Budget</b>         | <b>Actual</b>        | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|-----------------------|----------------------|---|
| <b>Operating Revenues</b>                                 |                       |                      |   |
| Taxes   | \$ 7,850.00           | \$ 6,570.15          | \$ (1,279.85)                                   |
| Sewer Fees  | 52,000.00             | 40,333.54            | (11,666.46)                                     |
| Other Income  | 4,500.00              | 3,543.88             | (956.12)  |
| <b>Total Operating Revenues</b>                           | <u>64,350.00</u>      | <u>50,447.57</u>     | <u>(13,902.43)</u>                              |
| <b>Operating Expenses</b>                                 |                       |                      |   |
| Unemployment Tax Expense                                  | 200.00                | 0.00                 | 200.00  |
| Office Supplies   | 530.00                | 277.50               | 252.50  |
| Capitalized Interest Expense                              | 1,000.00              | 0.00                 | 1,000.00  |
| Utilities Expense   | 1,500.00              | 1,317.57             | 182.43  |
| Professional Fees   | 1,700.00              | 1,625.00             | 75.00   |
| Equipment Expense   | 200.00                | 0.00                 | 200.00  |
| Contract Labor Expense                                    | 4,000.00              | 3,730.00             | 270.00  |
| PVC Supplies Expense                                      | 1,000.00              | 1,559.66             | (559.66)  |
| Administrative & Recording Wages                          | 1,200.00              | 1,200.00             | 0.00  |
| Water Testing-Laboratory                                  | 100.00                | 0.00                 | 100.00  |
| Labor Reimbursement Expense                               | 2,000.00              | 456.00               | 1,544.00  |
| Equipment Reimbursement Expense                           | 2,000.00              | 403.47               | 1,596.53  |
| Insurance Liability                                       | 7,200.00              | 6,710.51             | 489.49  |
| Repair & Maintenance                                      | 4,100.00              | 3,084.92             | 1,015.08  |
| Miscellaneous   | 400.00                | 1,554.58             | (1,154.58)                                      |
| Depreciaton and Amortization                              | <u>77,000.00</u>      | <u>67,850.00</u>     | <u>9,150.00</u>                                 |
| <b>Total Operating Expenses</b>                           | <u>104,130.00</u>     | <u>89,769.21</u>     | <u>14,360.79</u>                                |
| <b>Operating Income (Loss)</b>                            | <u>(39,780.00)</u>    | <u>(39,321.64)</u>   | <u>(458.36)</u>                                 |
| <b>Other Income (Expenses)</b>                            |                       |                      |   |
| Interest Revenue  | 2,500.00              | 1,581.05             | (918.95)  |
| Interest Expense  | (31,000.00)           | (24,525.00)          | 6,475.00  |
| <b>Total Other Income (Expenses)</b>                      | <u>(28,500.00)</u>    | <u>(22,943.95)</u>   | <u>5,556.05</u>                                 |
| <b>Net Income (loss) From Operaitons</b>                  | <u>\$ (68,280.00)</u> | <u>(62,265.59)</u>   | <u>6,014.41</u>                                 |
| Add back depr on assets acquired with contributed capital |                       | <u>51,189.00</u>     |   |
| <b>Increase (Decrease) in Retained Earnings</b>           |                       | <u>(11,076.59)</u>   |   |
| <b>Retained Earnings Beginning of Year</b>                |                       | <u>195,233.56</u>    |   |
| <b>Retained Earnings End of Year</b>                      |                       | <u>\$ 184,156.97</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Combined Statement of Cash Flow**  
**Enterprise Fund Types**  
**For the Year Ended February 29, 2004**

|  | <u>Water</u>        | <u>Sewer<br/>Operating</u> | <u>Total</u>         |
|--|---------------------|----------------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>                         |                     |                            |                      |
| Operating Income (Loss)  | \$ 6,308.23         | \$ (39,321.64)             | \$ (33,013.41)       |
| <b>Adjustments to Reconcile Operating Income (Loss)</b>              |                     |                            |                      |
| <b>To Net Cash Provided by Operating Activities</b>                  |                     |                            |                      |
| Depreciation   | 6,181.00            | 67,850.00                  | 74,031.00            |
| <b>(Increase) Decrease in Assets</b>                                 |                     |                            |                      |
| Accounts Receivable  | (3,622.72)          | (1,507.10)                 | (5,129.82)           |
| Prepaid Insurance  | (453.78)            | (427.09)                   | (880.87)             |
| <b>Increase (Decrease) in Liabilities</b>                            |                     |                            |                      |
| Accounts Payable and Other Current Liabilities                       | 11,000.00           | 6,000.00                   | 17,000.00            |
| Deferred Revenue   | 0.00                | 2,690.00                   | 2,690.00             |
| <b>Total Adjustments</b>   | <u>13,104.50</u>    | <u>74,605.81</u>           | <u>87,710.31</u>     |
| <b>Net Cash Provided by Operating Activities</b>                     | <u>19,412.73</u>    | <u>35,284.17</u>           | <u>54,696.90</u>     |
| <b>Cash Flows from Capital and<br/>Related Financing Activities:</b> |                     |                            |                      |
| Principal Payment on Bond  | (21,000.00)         | (12,000.00)                | (33,000.00)          |
| Interest Paid on Bonds   | (4,690.50)          | (24,525.00)                | (29,215.50)          |
| <b>Net Cash Used from Capital and Related Financing</b>              | <u>(25,690.50)</u>  | <u>(36,525.00)</u>         | <u>(62,215.50)</u>   |
| <b>Cash Flows from Investing Activities</b>                          |                     |                            |                      |
| Interest earned on cash  | 412.44              | 1,581.05                   | 1,993.49             |
| <b>Net Increase (Decrease) in Cash</b>                               | (5,865.33)          | 340.22                     | (5,525.11)           |
| <b>Cash at Beginning of Year</b>                                     | <u>79,683.20</u>    | <u>207,993.47</u>          | <u>287,676.67</u>    |
| <b>Cash at End of Year</b>   | <u>\$ 73,817.87</u> | <u>\$ 208,333.69</u>       | <u>\$ 282,151.56</u> |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City  
Internal Service Funds  
Combined Balance Sheet  
February 29, 2004**

|                                     | <u>Fireman's<br/>Sinking</u> | <u>Public<br/>Improvement</u> | <u>Total</u>                |
|-------------------------------------|------------------------------|-------------------------------|-----------------------------|
| <b>Assets</b>                       |                              |                               |                             |
| <b>Current Assets</b>               |                              |                               |                             |
| Cash in Bank                        | \$ 25,327.56                 | \$ 11,366.42                  | \$ 36,693.98                |
| Investments                         | <u>33,641.51</u>             | <u>49,154.18</u>              | <u>82,795.69</u>            |
| <b>Total Current Assets</b>         | <u><u>\$ 58,969.07</u></u>   | <u><u>\$ 60,520.60</u></u>    | <u><u>\$ 119,489.67</u></u> |
| <b>Liabilities and Equity</b>       |                              |                               |                             |
| <b>Equity</b>                       |                              |                               |                             |
| Retained Earnings-Unrestricted      | <u>\$ 58,969.07</u>          | <u>\$ 60,520.60</u>           | <u>\$ 119,489.67</u>        |
| <b>Total Liabilities and Equity</b> | <u><u>\$ 58,969.07</u></u>   | <u><u>\$ 60,520.60</u></u>    | <u><u>\$ 119,489.67</u></u> |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Internal Service Funds**  
**Combined Statement of Revenues Expenditures and Changes**  
**in Retained Earnings - Budget and Actual**  
**For the Year Ended February 29, 2004**

|   | <u>Fireman's Sinking Fund</u> |                    |   | <u>Public Improvement Fund</u> |                    |   |
|---|-------------------------------|--------------------|---|--------------------------------|--------------------|---|
|   | <u>Budget</u>                 | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> | <u>Budget</u>                  | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| <b>Revenues</b>                             |                               |                    |   |                                |                    |   |
| Fire Fee Income                             | \$ 2,400.00                   | \$ 2,400.00        | \$ 0.00   |                                |                    |   |
| Donations                                   | 0.00                          | 0.00               | 0.00  | 1,500.00                       | 1,000.00           | (500.00)  |
| Interest Income                             | 300.00                        | 282.30             | (17.70)   | 200.00                         | 223.42             | 23.42   |
| <b>Total Revenues</b>                       | 2,700.00                      | 2,682.30           | (17.70)   | 1,700.00                       | 1,223.42           | (476.58)  |
| <b>Expenditures</b>                         |                               |                    |   |                                |                    |   |
| <b>Income (Loss) Before Transfers</b>       | 2,700.00                      | 2,682.30           | 17.70   | 1,700.00                       | 1,223.42           | 476.58  |
| <b>Other Financing Sources (Uses)</b>       |                               |                    |   |                                |                    |   |
| Operating Transfer In                       | 4,300.00                      | 3,000.00           | (1,300.00)                                      | 0.00                           | 0.00               | 0.00  |
| Operating Transfers Out                     | (4,000.00)                    | (4,000.00)         | 0.00  | 0.00                           | 0.00               | 0.00  |
| <b>Total Other Financing Sources (Uses)</b> | 300.00                        | (1,000.00)         | 1,300.00  | 0.00                           | 0.00               | 0.00  |
| <b>Net Income (Loss)</b>                    | <u>\$ 3,000.00</u>            | <u>1,682.30</u>    | <u>\$ 1,317.70</u>                              | <u>\$ 1,700.00</u>             | <u>1,223.42</u>    | <u>\$ 476.58</u>                                |
| <b>Retained Earnings Beginning of Year</b>  |                               | <u>57,286.77</u>   |   |                                | <u>59,297.18</u>   |   |
| <b>Retained Earnings End of Year</b>        |                               | <u>\$58,969.07</u> |   |                                | <u>\$60,520.60</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Internal Service Funds**  
**Combined Statement of Cash Flows**  
**For the Year Ended February 29, 2004**

|  | <u>Fireman's</u><br><u>Sinking</u> | <u>Public</u><br><u>Improvement</u> | <u>Total</u>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                  |                                    |                                     |                      |
| Operating Income (Loss)                                      | \$ 2,400.00                        | \$ 1,000.00                         | \$ 3,400.00          |
| <b>Net Cash Provided by Operating Activities</b>             | <u>2,400.00</u>                    | <u>1,000.00</u>                     | <u>3,400.00</u>      |
| <b>Cash Flows from Non-Capital Financing Activities</b>      |                                    |                                     |                      |
| Operating Transfers Out                                      | (4,000.00)                         | 0.00                                | (4,000.00)           |
| Operating Transfers In                                       | 3,000.00                           | 0.00                                | 3,000.00             |
| <b>Net Cash Provided by Non-Capital Financing Activities</b> | <u>(1,000.00)</u>                  | <u>0.00</u>                         | <u>(1,000.00)</u>    |
| <b>Cash Flow from Investing Activities</b>                   |                                    |                                     |                      |
| Interest Earned on Cash                                      | 282.30                             | 223.42                              | 505.72               |
| <b>Net Cash Provided by Investing Activities</b>             | <u>282.30</u>                      | <u>223.42</u>                       | <u>505.72</u>        |
| <b>Net Increase (Decrease) in Cash</b>                       | 1,682.30                           | 1,223.42                            | 2,905.72             |
| <b>Cash at beginning of year</b>                             | <u>57,286.77</u>                   | <u>59,297.18</u>                    | <u>116,583.95</u>    |
| <b>Cash at the end of year</b>                               | <u>\$ 58,969.07</u>                | <u>\$ 60,520.60</u>                 | <u>\$ 119,489.67</u> |

The accompanying notes are an integral part of the financial statements.



**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

**Note 1 - Summary of Significant Accounting Policies:**

**A. Description of Village Operations**

The village is located in Sanilac County, Michigan and operates under an elected Council. The Village provides services to the residents as authorized by its charter, which include public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning, and general administration services.

**B. Reporting Entity**

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Village is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Village.

**C. Basis of Presentation**

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and account groups are used by the Village:

**Governmental Fund Types:**

**General Fund** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

**Proprietary Fund Type:**

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services to the general public on a continuing basis is financed through user charges.

**Internal Service Funds** - Internal Service Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises when the costs of providing services to other departments or agencies are primarily within the government.

**Fiduciary Fund Type:**

**Nonexpendable Trust Fund** - The Trust Fund was established to account for assets received and held by the government in the capacity of trustee for individuals, other governments and/or other funds for which a portion of the fund must be held intact.

**Account Group:**

**General Fixed Assets Account Group** - This account group is used to account for fixed assets purchased by and used in governmental fund type operations. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All propriety funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**E. Accounting Estimates**

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures/expenses. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**F. Property Taxes**

Properties are assessed as of June 30, and the related property taxes become a lien on June 1 of the following year. These taxes are due on September 14 with the final collection date of September 14. After this date, they are added to the County tax rolls.

Property taxes levied are collected and deposited in the General Fund. The delinquent real property taxes of the Village are purchased by the County of Sanilac. The County sells tax notes, the proceeds of which are used to pay the Village for these property taxes. These taxes have been recorded as revenue for the current year. Delinquent personal property taxes are not paid by the County revolving tax fund and will be remitted to the Village as collection occurs. The tax rates assessed for the year ended February 29, 2004, to finance general operations were based on a taxable value of \$3,040,473. The following rates were levied on the taxable value:

| <u>Fund</u> | <u>Mills</u> |
|-------------|--------------|
| General     | 11.0326      |
| Streets     | 1.7650       |
| Sinking     | .4412        |
| Total       | 13.2388      |

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

**G. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**H. Budgets**

Budgets and amended budgets as presented for the Governmental Fund Types are adopted on a basis consistent with generally accepted accounting principles. The budgeted amounts shown in budget to actual comparisons are the final amended budgets. All annual appropriations lapse at year end. The Village does not utilize encumbrance accounting.

**I. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter fund transactions and reimbursements, are reported as transfers. Non-reoccurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter fund transfers are reported as operating transfers.

**J. "Totals - (Memorandum Only)"**

The "Memorandum Only" total column represents the aggregate total of the various columnar statements by fund type and account group. This total column is not comparable to a consolidation and, therefore, does not present consolidated information.

**Note 2 - Budgets:**

In the combined financial statements, the Village's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the fund level.

P.A. 621 of 1978, as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the function level.

During the year ended January 31, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as presented in the financial statements.

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

**Note 3 - Cash and Investments:**

**Deposits** - The Village's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Village's deposits was \$353,976 and the bank balance was \$358,976.

**Investments** - State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of February 29, 2004, the Village investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$230,155.

The total Village cash and investments amounted to \$584,131 as of February 29, 2004 and \$584,131 was covered by Federal Depository Insurance.

**Note 4 - Proprietary Fund Fixed Assets:**

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

|                          |             |
|--------------------------|-------------|
| Sewer Building and Lines | 50 years    |
| Buildings                | 15-30 years |
| Equipment                | 10-20 years |
| Office Equipment         | 5 years     |

Following is a summary of fixed assets recorded in the Sewer Fund as of February 29, 2004

|                                | <u>Water</u> | <u>Sewer</u> |
|--------------------------------|--------------|--------------|
| Land                           | \$ 2,000     | \$ 0         |
| Lagoon                         | 0            | 624,958      |
| Collection Systems and Costs   | 298,000      | 1,315,506    |
| Equipment                      | 3,682        | 18,922       |
| Capitalized Interest           | 1,399        | 17,970       |
|                                | 303,682      | 1,977,356    |
| Less: Accumulated Depreciation | (127,371)    | (312,616)    |
| Net Fixed Assets               | \$ 176,311   | \$ 1,664,740 |

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

**Note 5 - Contributed Capital:**

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Village resources to purchase or construct the sewer system currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closest to contributed capital rather than retained earnings.

**Note 6 - Contingent Liabilities:**

**Contingent Liability - Unemployment Compensation Costs**

The Village has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Village employees by the Michigan unemployment fund must be reimbursed by the Village on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Village becomes liable to the State of Michigan for unemployment benefits paid.

**Note 7 - Changes in Long-Term Debt - Sewer and Water Funds:**

The Village sewer and water systems encompasses all of the Village of Minden City. Financing of construction was accomplished through Sewer System Revenue Bonds, and Water Revenue Bonds authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The following is a summary of bond transactions for the year ended February 29, 2004:

|                               | Balance<br>March 1,<br>2002 | Additions | Deductions | Balance<br>February 29,<br>2004 |
|-------------------------------|-----------------------------|-----------|------------|---------------------------------|
| Sewer System Revenue<br>Bonds | \$ 548,000                  | \$ -      | \$ 6,000   | \$ 542,000                      |
| Water System Revenue<br>Bonds | \$ 82,000                   | \$ -      | \$ 10,000  | \$ 72,000                       |

**Village of Minden City**  
**Notes to the Financial Statements**  
**February 29, 2004**

Sewer and Water System Revenue Bonds payable as of February 29, 2004 are comprised of the following:

Sewer System Revenue Bonds due in annual principal install-  
ments ranging from \$6,000 to \$28,000 through November  
1, 2039, plus interest at the rate of 4.50%, payable  
semi-annually on May 1 and November 1. \$ 542,000

Water System Revenue Bonds due in annual principal install-  
ments ranging from \$5,000 to \$7,000 through April  
1, 2009, plus interest at the rate of 5.90%, payable  
semi-annually on June 1 and December 1. \$ 72,000

The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of February 29, 2004 including interest of \$551,104 are as follows:

|            | <u>Water</u>     | <u>Sewer</u>      |
|------------|------------------|-------------------|
| 2005       | \$ 15,100.50     | \$ 30,390.00      |
| 2006       | 15,422.00        | 31,120.00         |
| 2007       | 14,714.00        | 30,806.00         |
| 2008       | 14,006.00        | 30,490.00         |
| 2009       | 13,298.00        | 31,176.00         |
| Thereafter | <u>13,590.00</u> | <u>947,924.00</u> |
|            | \$ 86,130.50     | \$ 1,101,906.00   |

**Note - 8 Reserves/Designations on Retained Earnings/Fund Balances:**

|  |                                    |
|--|------------------------------------|
| Retained earnings reserved for debt retirement | <u>Enterprise</u><br>\$ 181,466.59 |
|--|------------------------------------|

**Note - 9 Pension Plan**

The Village has no pension plan for its employees.

**Village of Minden City**  
**Schedule of Water System Revenue Bonds**  
**February 29, 2004**

| <b>Maturity<br/>Date</b> | <b>Principal Amount<br/>Payable at<br/>Each Maturity<br/>Date</b> | <b>Interest</b> |               | <b>Total</b>    |
|--------------------------|---|-----------------|---------------|-----------------|
|                          |   | <b>Rate</b>     | <b>Amount</b> |                 |
| 06/01/04                 | \$ 5,000.00   | 5.9%            | \$ 2,124.00   | \$ 7,124.00     |
| 12/01/04                 | 6,000.00  | 5.9%            | 1,976.50      | 7,976.50        |
| 06/01/05                 | 6,000.00  | 5.9%            | 1,799.50      | 7,799.50        |
| 12/01/05                 | 6,000.00  | 5.9%            | 1,622.50      | 7,622.50        |
| 06/01/06                 | 6,000.00  | 5.9%            | 1,445.50      | 7,445.50        |
| 12/01/06                 | 6,000.00  | 5.9%            | 1,268.50      | 7,268.50        |
| 06/01/07                 | 6,000.00  | 5.9%            | 1,091.50      | 7,091.50        |
| 12/01/07                 | 6,000.00  | 5.9%            | 914.50        | 6,914.50        |
| 06/01/08                 | 6,000.00  | 5.9%            | 737.50        | 6,737.50        |
| 12/01/08                 | 6,000.00  | 5.9%            | 560.50        | 6,560.50        |
| 06/01/09                 | 6,000.00  | 5.9%            | 383.50        | 6,383.50        |
| 12/01/09                 | <u>7,000.00</u>   | 5.9%            | <u>206.50</u> | <u>7,206.50</u> |
|                          | \$ 72,000.00  |                 | \$14,130.50   | \$86,130.50     |



**Village of Minden City**  
**Schedule of Sewer System Revenue Bonds**  
**February 29, 2004**

| <u>Maturity Date</u> | <u>Principal Amount Payable at Each Maturity Date</u> | <u>Rate</u> | <u>Interest Amount</u> | <u>Total</u> |
|----------------------|---|-------------|------------------------|--------------|
| 05/01/04             |   | 4.5%        | \$ 12,195              | \$ 12,195    |
| 11/01/04             | \$ 6,000  | 4.5%        | 12,195                 | 18,195       |
| 05/01/05             |   | 4.5%        | 12,060                 | 12,060       |
| 11/01/05             | 7,000   | 4.5%        | 12,060                 | 19,060       |
| 05/01/06             |   | 4.5%        | 11,903                 | 11,903       |
| 11/01/06             | 7,000   | 4.5%        | 11,903                 | 18,903       |
| 05/01/07             |   | 4.5%        | 11,745                 | 11,745       |
| 11/01/07             | 7,000   | 4.5%        | 11,745                 | 18,745       |
| 05/01/08             |   | 4.5%        | 11,588                 | 11,588       |
| 11/01/08             | 8,000   | 4.5%        | 11,588                 | 19,588       |
| 05/01/09             |   | 4.5%        | 11,408                 | 11,408       |
| 11/01/09             | 8,000   | 4.5%        | 11,408                 | 19,408       |
| 05/01/10             |   | 4.5%        | 11,228                 | 11,228       |
| 11/01/10             | 8,000   | 4.5%        | 11,228                 | 19,228       |
| 05/01/11             |   | 4.5%        | 11,048                 | 11,048       |
| 11/01/11             | 9,000   | 4.5%        | 11,048                 | 20,048       |
| 05/01/12             |   | 4.5%        | 10,845                 | 10,845       |
| 11/01/12             | 9,000   | 4.5%        | 10,845                 | 19,845       |
| 05/01/13             |   | 4.5%        | 10,643                 | 10,643       |
| 11/01/13             | 9,000   | 4.5%        | 10,643                 | 19,643       |
| 05/01/14             |   | 4.5%        | 10,440                 | 10,440       |
| 11/01/14             | 10,000  | 4.5%        | 10,440                 | 20,440       |
| 05/01/15             |   | 4.5%        | 10,215                 | 10,215       |
| 11/01/15             | 10,000  | 4.5%        | 10,215                 | 20,215       |
| 05/01/16             |   | 4.5%        | 9,990                  | 9,990        |
| 11/01/16             | 11,000  | 4.5%        | 9,990                  | 20,990       |
| 05/01/17             |   | 4.5%        | 9,743                  | 9,743        |
| 11/01/17             | 11,000  | 4.5%        | 9,743                  | 20,743       |
| 05/01/18             |   | 4.5%        | 9,495                  | 9,495        |
| 11/01/18             | 12,000  | 4.5%        | 9,495                  | 21,495       |
| 05/01/19             |   | 4.5%        | 9,225                  | 9,225        |
| 11/01/19             | 12,000  | 4.5%        | 9,225                  | 21,225       |
| 05/01/20             |   | 4.5%        | 8,955                  | 8,955        |
| 11/01/20             | 13,000  | 4.5%        | 8,955                  | 21,955       |
| 05/01/21             |   | 4.5%        | 8,663                  | 8,663        |
| 11/01/21             | 13,000  | 4.5%        | 8,663                  | 21,663       |
| 05/01/22             |   | 4.5%        | 8,370                  | 8,370        |
| 11/01/22             | 14,000  | 4.5%        | 8,370                  | 22,370       |
| 05/01/23             |   | 4.5%        | 8,055                  | 8,055        |
| 11/01/23             | 15,000  | 4.5%        | 8,055                  | 23,055       |
| 05/01/24             |   | 4.5%        | 7,718                  | 7,718        |
| 11/01/24             | 15,000  | 4.5%        | 7,718                  | 22,718       |

**Village of Minden City**  
**Schedule of Sewer System Revenue Bonds**  
**February 29, 2004**

| <b>Maturity<br/>Date</b> | <b>Principal Amount<br/>Payable at<br/>Each Maturity<br/>Date</b> | <b>Interest</b> |                   | <b>Total</b>        |
|--------------------------|---|-----------------|-------------------|---------------------|
|                          |   | <b>Rate</b>     | <b>Amount</b>     |                     |
| 05/01/25                 |   | 4.5%            | 7,380             | 7,380               |
| 11/01/25                 | 16,000  | 4.5%            | 7,380             | 23,380              |
| 05/01/26                 |   | 4.5%            | 7,020             | 7,020               |
| 11/01/26                 | 17,000  | 4.5%            | 7,020             | 24,020              |
| 05/01/27                 |   | 4.5%            | 6,638             | 6,638               |
| 11/01/27                 | 17,000  | 4.5%            | 6,638             | 23,638              |
| 05/01/28                 |   | 4.5%            | 6,255             | 6,255               |
| 11/01/28                 | 18,000  | 4.5%            | 6,255             | 24,255              |
| 05/01/29                 |   | 4.5%            | 5,850             | 5,850               |
| 11/01/29                 | 19,000  | 4.5%            | 5,850             | 24,850              |
| 05/01/30                 |   | 4.5%            | 5,423             | 5,423               |
| 11/01/30                 | 20,000  | 4.5%            | 5,423             | 25,423              |
| 05/01/31                 |   | 4.5%            | 4,973             | 4,973               |
| 11/01/31                 | 21,000  | 4.5%            | 4,973             | 25,973              |
| 05/01/32                 |   | 4.5%            | 4,500             | 4,500               |
| 11/01/32                 | 22,000  | 4.5%            | 4,500             | 26,500              |
| 05/01/33                 |   | 4.5%            | 4,005             | 4,005               |
| 11/01/33                 | 23,000  | 4.5%            | 4,005             | 27,005              |
| 05/01/34                 |   | 4.5%            | 3,488             | 3,488               |
| 11/01/34                 | 24,000  | 4.5%            | 3,488             | 27,488              |
| 05/01/35                 |   | 4.5%            | 2,948             | 2,948               |
| 11/01/35                 | 25,000  | 4.5%            | 2,948             | 27,948              |
| 05/01/36                 |   | 4.5%            | 2,385             | 2,385               |
| 11/01/36                 | 26,000  | 4.5%            | 2,385             | 28,385              |
| 05/01/37                 |   | 4.5%            | 1,800             | 1,800               |
| 11/01/37                 | 27,000  | 4.5%            | 1,800             | 28,800              |
| 05/01/38                 |   | 4.5%            | 1,193             | 1,193               |
| 11/01/38                 | 28,000  | 4.5%            | 1,193             | 29,193              |
| 05/01/39                 |   | 4.5%            | 563               | 563                 |
| 11/01/39                 | 25,000  | 4.5%            | 563               | 25,563              |
| <b>\$ 542,000</b>        |   |                 | <b>\$ 559,906</b> | <b>\$ 1,101,906</b> |

**Village of Minden City**  
**Special Revenue Funds**  
**Combined Balance Sheet**  
**February 29, 2004**

| <b>Assets</b>                            | <b>Fire</b>         | <b>Major<br/>Street</b> | <b>Local<br/>Street</b> | <b>Building and<br/>Equipment<br/>Capital</b> | <b>Total</b>         |
|--|---------------------|-------------------------|-------------------------|---|----------------------|
| Cash in Bank                             | \$ 37,433.24        | \$ 3,507.43             | \$ 18,655.70            | \$ 3,634.43                                   | \$ 63,230.80         |
| Investments                              | 0.00                | 20,677.70               | 15,508.28               | 5,595.68                                      | 41,781.66            |
| Prepaid Insurance                        | 7,248.57            | 894.74                  | 894.74                  | 0.00  | 9,038.05             |
| Due from Other Funds                     | 108.00              | 985.00                  | 426.00                  | 0.00  | 1,519.00             |
| <b>Total Assets</b>                      | <b>\$ 44,789.81</b> | <b>\$ 26,064.87</b>     | <b>\$ 35,484.72</b>     | <b>\$ 9,230.11</b>                            | <b>\$ 115,569.51</b> |
| <b>Liabilities and Fund Equity</b>       |                     |                         |                         |   |                      |
| <b>Liabilities</b>                       |                     |                         |                         |   |                      |
| Due to Other Funds                       | \$ 0.00             | \$ 405.00               | \$ 34.00                | \$ 0.00                                       | \$ 439.00            |
| <b>Fund Equity</b>                       |                     |                         |                         |   |                      |
| Unreserved                               | 44,789.81           | 25,659.87               | 35,450.72               | 9,230.11                                      | 115,130.51           |
| <b>Total Liabilities and Fund Equity</b> | <b>\$ 44,789.81</b> | <b>\$ 26,064.87</b>     | <b>\$ 35,484.72</b>     | <b>\$ 9,230.11</b>                            | <b>\$ 115,569.51</b> |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Fire Fund Statement of Revenue, Expenses and**  
**Change in Fund Balance - Budget and Actual**  
**For the Year Ended February 29, 2004**

|  | <b>Budget</b>      | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|--------------------|---------------------|---|
| <b>Revenues</b>  |                    |                     |   |
| Interest   | \$ 1,000.00        | \$ 261.07           | \$ (738.93)                                     |
| Fire Income  | 0.00               | 3,000.00            | (3,000.00)                                      |
| Taxes  | 3,500.00           | 3,397.04            | (102.96)  |
| Miscellaneous  | 0.00               | 38,778.00           | 38,778.00                                       |
| Transfer from Minden Township  | 27,000.00          | 23,840.24           | (3,159.76)                                      |
| <b>Total Revenues</b>  | <u>31,500.00</u>   | <u>69,276.35</u>    | <u>37,776.35</u>                                |
| <b>Expenditures</b>  |                    |                     |   |
| Grocery, Pop & Etc.  | 500.00             | 276.26              | 223.74  |
| Supplies   | 525.00             | 200.62              | 324.38  |
| Clean/Mileage/Bookkeeping  | 100.00             | 0.00                | 100.00  |
| Legal & Professional Fees  | 200.00             | 0.00                | 200.00  |
| Utilities  | 3,000.00           | 2,893.31            | 106.69  |
| Telepone   | 500.00             | 304.80              | 195.20  |
| Equipment Purchases  | 1,500.00           | 40,311.84           | (38,811.84)                                     |
| Air Tank Testing   | 175.00             | 127.50              | 47.50   |
| Repairs  | 3,100.00           | 1,444.32            | 1,655.68  |
| Gas and Oil  | 1,200.00           | 907.24              | 292.76  |
| Training & Medical   | 500.00             | 200.00              | 300.00  |
| Labor  | 1,000.00           | 0.00                | 1,000.00  |
| Equipment Usage  | 200.00             | 0.00                | 200.00  |
| Uniforms/Badge/Licensing   | 250.00             | 60.98               | 189.02  |
| Insurance  | 10,050.00          | 7,654.93            | 2,395.07  |
| Postage  | 25.00              | 0.00                | 25.00   |
| Banquet  | 1,000.00           | 270.00              | 730.00  |
| Miscellaneous  | 800.00             | 526.44              | 273.56  |
| Fireman's Quarterly Stipen   | 1,200.00           | 1,200.00            | 0.00  |
| Membership Dues  | 650.00             | 45.00               | 605.00  |
| Labor Reimbursement  | 500.00             | 264.00              | 236.00  |
| Equipment Inspection   | 500.00             | 356.95              | 143.05  |
| <b>Total Expenditures</b>  | <u>27,475.00</u>   | <u>57,044.19</u>    | <u>(29,569.19)</u>                              |
| <b>Excess of Revenues Over (Under) Expenditures</b>  | 4,025.00           | 12,232.16           | (8,207.16)                                      |
| <b>Other Financing Sources (Uses)</b>  |                    |                     |   |
| Transfers From Other Funds   | 4,000.00           | 4,000.00            | 0.00  |
| Transfers To Other Funds   | (4,000.00)         | (3,000.00)          | 1,000.00  |
| <b>Total Other Financing Sources (Uses)</b>  | <u>4,000.00</u>    | <u>1,000.00</u>     | <u>3,000.00</u>                                 |
| <b>Excess of Revenues and Other Financing Sources<br/>Over Expenditures and Other Financing Uses</b> | <u>\$ 8,025.00</u> | 13,232.16           | <u>\$ (5,207.16)</u>                            |
| <b>Fund Balance Beginning of Year</b>  |                    | <u>31,557.65</u>    |   |
| <b>Fund Balance End of Year</b>  |                    | <u>\$ 44,789.81</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Major Street Fund Statement of Revenue, Expenses and**  
**Change in Fund Balance - Budget and Actual**  
**For the Year Ended February 29, 2004**

|   | <b>Budget</b>         | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|-----------------------|---------------------|---|
| <b>Revenues</b>                                     |                       |                     |   |
| Taxes   | \$ 8,100.00           | \$ 8,518.96         | \$ (418.96)                                     |
| Intergovernmental State                             | 15,000.00             | 15,772.54           | 772.54  |
| Interest  | 450.00                | 356.45              | (93.55)   |
| Miscellaneous                                       | 100.00                | 240.33              | 140.33  |
| <b>Total Revenues</b>                               | <u>23,650.00</u>      | <u>24,888.28</u>    | <u>1,238.28</u>                                 |
| <b>Expenditures</b>                                 |                       |                     |   |
| Administrative                                      | 400.00                | 200.00              | 200.00  |
| Insurance   | 1,300.00              | 1,263.93            | 36.07   |
| Routine Maintenance                                 | 48,120.00             | 46,864.34           | 1,255.66  |
| Winter Maintenance                                  | 1,250.00              | 297.50              | 952.50  |
| Equipment Rental                                    | 5,800.00              | 6,609.49            | (809.49)  |
| Labor Reimbursement                                 | 3,600.00              | 3,972.00            | (372.00)  |
| Road Signs  | 0.00                  | 799.41              | (799.41)  |
| Traffic Services                                    | 400.00                | 0.00                | 400.00  |
| Unemployment Tax                                    | 2,100.00              | 174.35              | 1,925.65  |
| <b>Total Expenditures</b>                           | <u>62,970.00</u>      | <u>60,181.02</u>    | <u>2,788.98</u>                                 |
| <b>Excess of Revenues Over (Under) Expenditures</b> | (39,320.00)           | (35,292.74)         | (4,027.26)                                      |
| <b>Other Financing Sources (Uses)</b>               |                       |                     |   |
| <b>Excess of Revenues and Other Financing</b>       |                       |                     |   |
| <b>Over Expenditures and Other Financing Uses</b>   | <u>\$ (39,320.00)</u> | (35,292.74)         | <u>\$ (4,027.26)</u>                            |
| <b>Fund Balance Beginning of Year</b>               |                       | <u>60,952.61</u>    |   |
| <b>Fund Balance End of Year</b>                     |                       | <u>\$ 25,659.87</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Local Street Fund Statement of Revenue, Expenses and**  
**Change in Fund Balance - Budget and Actual**  
**For the Year Ended February 29, 2004**

|   | <b>Budget</b>        | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------|---------------------|---|
| <b>Revenues</b>                                     |                      |                     |   |
| Taxes   | \$ 2,400.00          | \$ 2,682.72         | \$ (282.72)                                     |
| Intergovernmental State                             | 13,500.00            | 13,799.63           | 299.63  |
| Interest  | 600.00               | 261.89              | (338.11)  |
| Miscellaneous                                       | 120.00               | 0.00                | (120.00)  |
| <b>Total Revenues</b>                               | <u>16,620.00</u>     | <u>16,744.24</u>    | <u>124.24</u>                                   |
| <b>Expenditures</b>                                 |                      |                     |   |
| Administrative                                      | 50.00                | 0.00                | 50.00   |
| Insurance   | 1,500.00             | 1,263.93            | 236.07  |
| Contract Road Building                              | 13,000.00            | 12,452.50           | 547.50  |
| Routine Maintenance                                 | 7,150.00             | 4,111.01            | 3,038.99  |
| Winter Maintenance                                  | 300.00               | 313.50              | (13.50)   |
| Equipment Rental                                    | 1,800.00             | 2,102.26            | (302.26)  |
| Labor Reimbursement                                 | 1,300.00             | 1,500.00            | (200.00)  |
| Traffic Services                                    | 250.00               | 0.00                | 250.00  |
| Unemployment Tax                                    | 200.00               | 174.35              | 25.65   |
| <b>Total Expenditures</b>                           | <u>25,550.00</u>     | <u>21,917.55</u>    | <u>3,632.45</u>                                 |
| <b>Excess of Revenues Over (Under) Expenditures</b> | (8,930.00)           | (5,173.31)          | (3,756.69)                                      |
| <b>Other Financing Sources (Uses)</b>               |                      |                     |   |
| <b>Excess of Revenues and Other Financing</b>       |                      |                     |   |
| <b>Sources Over Expenditures and</b>                |                      |                     |   |
| <b>Other Financing Uses</b>                         | <u>\$ (8,930.00)</u> | (5,173.31)          | <u>\$ (3,756.69)</u>                            |
| <b>Fund Balance Beginning of Year</b>               |                      | <u>40,624.03</u>    |   |
| <b>Fund Balance End of Year</b>                     |                      | <u>\$ 35,450.72</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Building and Equipment Capital Fund Statement of Revenue,**  
**Expense, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended February 29, 2004**

|  | <b>Budget</b>      | <b>Actual</b>      | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|--------------------|--------------------|---|
| <b>Revenues</b>  |                    |                    |   |
| Taxes  | \$ 1,200.00        | \$ 1,340.55        | \$ (140.55)                                     |
| Interest   | 250.00             | 22.68              | (227.32)  |
| Miscellaneous  | 650.00             | 0.00               | (650.00)  |
| <b>Total Revenues</b>  | <u>2,100.00</u>    | <u>1,363.23</u>    | <u>(736.77)</u>                                 |
| <b>Expenditures</b>  |                    |                    |   |
| <b>Excess of Revenues over (Under) Expenditures</b>  | 2,100.00           | 1,363.23           | 736.77  |
| <b>Other Financing Sources (Uses)</b>  |                    |                    |   |
| <b>Excess of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses</b> | <u>\$ 2,100.00</u> | 1,363.23           | <u>\$ 736.77</u>                                |
| <b>Fund Balance Beginning of Year</b>  |                    | <u>7,866.88</u>    |   |
| <b>Fund Balance End of Year</b>  |                    | <u>\$ 9,230.11</u> |   |

The accompanying notes are an integral part of the financial statements.

**Village of Minden City**  
**Statement of General Fixed Assets**  
**February 29, 2004**

|                                   | <u>Balance</u><br><u>February 28,</u><br><u>2003</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance</u><br><u>February 29,</u><br><u>2004</u> |
|-----------------------------------|--|---------------------|-------------------|--|
| <b>General Fixed Assets:</b>      |  |                     |                   |  |
| Land and Building                 | 621,834.97   | 0.00                | 0.00              | 621,834.97   |
| Machinery and Equipment           | 250,207.00   | 40,311.84           | 0.00              | 290,518.84   |
| Office Equipment                  | 13,406.00  | 0.00                | 0.00              | 13,406.00  |
| <b>Total General Fixed Assets</b> | <u>\$ 885,447.97</u>                                 | <u>\$ 40,311.84</u> | <u>\$ 0.00</u>    | <u>\$ 925,759.81</u>                                 |

The accompanying notes are an integral part of the financial statements.



**Village of Minden City**  
**Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**February 29, 2004**

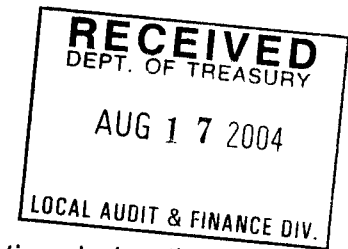
|                     | <u>Balance</u><br><u>Beginning of Year</u> | <u>Additons</u> | <u>Deductions</u> | <u>Balance</u><br><u>End of Year</u> |
|---------------------|--|-----------------|-------------------|--------------------------------------|
| <b>Assets</b>       |  |                 |                   |                                      |
| Cash                | \$ 522.50                                  | 41,791.90       | 41,791.90         | \$ 522.50                            |
| <b>Liabilities</b>  |  |                 |                   |                                      |
| Due to General Fund | 522.50                                     | 35,085.90       | 35,085.90         | 522.50                               |
| Due to Major Street | 0.00                                       | 2,682.73        | 2,682.73          | 0.00                                 |
| Due to Local Street | 0.00                                       | 2,682.72        | 2,682.72          | 0.00                                 |
| Due to Sinking Fund | 0.00                                       | 1,340.55        | 1,340.55          | 0.00                                 |
|                     | \$ 522.50                                  | \$ 41,791.90    | \$ 41,791.90      | \$ 522.50                            |

The accompanying notes are an integral part of the financial statements.

**George Zahul, CPA, PC**  
101 N Port Crescent St  
Bad Axe, MI 48413

July 26, 2004

To the Village Board  
Village of Minden City  
Minden City, MI 48456



The following comments related to situations that came to my attention during the course of my recent examination of the Village of Minden City's financial statements as of and for the year ended February 29, 2004, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Village over-expended in the General Fund in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.
2. Please contact our office in the near future, regarding the implementation procedures of the changes required by GASB 34, which will affect the way you account for transactions.

If you would need assistance in implementing the above, I would be happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Village Officials for their help and assistance during the audit.

Very truly yours,

A handwritten signature in cursive script, appearing to read "George A. Zahul".

George A. Zahul, PC  
Certified Public Accountant